

Message Text

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ACTION EUR-25

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 7700

INFO AMEMBASSY PARIS

C O N F I D E N T I A L BUCHAREST 0564

E.O. 11652: GDS

TAGS: PFOR, ETRD, ETRN, RO

SUBJECT: ROMANIAN OFFICIAL SAYS HELICOPTER DECISION POSSIBLY
POSTPONED UNTIL SUMMER

REF: A) BUCHAREST 0272; B) BUCHAREST 476; C) BUCHAREST 100

1. MIDDLE-LEVEL MFT OFFICIAL TOLD EMBOFF RECENTLY THAT NUMBER OF MAJOR INDUSTRIAL AND CONSTRUCTION PROJECTS ARE NOW BEING RE-EXAMINED IN CONNECTION WITH PARTY CONGRESS SCHEDULED FOR LATE THIS YEAR. STATEMENT WAS MADE IN RESPONSE TO QUERY ON HELICOPTER PROJECT, WHERE SIKORSKY HAS BEEN COMPETING WITH FRENCH FIRM SNIAS, AND SOURCE STATED THAT DECISION AS TO PROCEEDING ON HELICOPTER PROJECT NOT LIKELY UNTIL JUNE, ALTHOUGH EVEN THIS DATE IS NOT FIXED. SOURCE THEN SPECIFICALLY SAID THAT BUCHAREST SUBWAY AND DANUBE-BLACK SEA CANAL PROJECTS WERE ALSO AMONG NUMBER OF MAJOR PROJECTS BEING RE-EXAMINED. IN SOME CASES, PROJECTS SCHEDULED FOR THIS FIVE YEAR PLAN MAY BE DEFERRED TO NEXT FIVE YEAR PERIOD, ACCORDING TO THE SOURCE. MEDIUM-RANGE COMMERCIAL JET PROJECT, IN WHICH BOEING AND DOUGLAS HAVE BEEN COMPETING WITH BAC, WAS NOT SPECIFICALLY MENTIONED, BUT IMPLICATION IS THAT IT MAY ALSO BE AMONG PROJECTS UNDER RE-EVALUATION. WE HAVE ALSO BEEN TOLD BY A USUALLY RELIABLE FOREIGN AIRLINE REPRESENTATIVE THAT TAROM
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DIRECTOR DUMITRU BALAUER RECENTLY SAID THAT DECISION ON ALL AIR-

CRAFT PURCHASES (PRESUMABLY INCLUDING MIDDLE-RANGE AIRCRAFT PROJECT AND POSSIBLY HELICOPTERS) HAS BEEN DEFERRED "UNTIL 1975".

2. COMMENT: WHILE ABOVE REPORTS MAY NOT BE CONCLUSIVE EVIDENCE THAT DECISION ON TWO MAJOR PROJECTS IN WHICH US FIRMS HAVE BEEN COMPETING (HELICOPTERS AND MEDIUM-RANGE JETS) HAVE BEEN DEFERRED FOR CONSIDERABLE PERIOD, THEY DO ADD TO GROWING PICTURE THAT THIS IS THE CASE. SOURCE HAS BEEN INFORMATIVE AND GENERALLY ACCURATE IN PAST, AND APPEARS TO KNOW GENERAL DRIFT OF ECONOMIC POLICY DEVELOPMENTS ALTHOUGH HIS KNOWLEDGE MAY BE SPOTTY ON SUBJECTS BEYOND HIS SPECIFIC COMMERCIAL RESPONSIBILITY. ASIDE FROM SIGNIFICANCE OF INFORMATION IN CONTEXT OF US COMMERCIAL INTERESTS, WE BELIEVE IT ALSO CONTRIBUTES TO PICTURE OF INCREASED INTRA-PARTY DEBATE OVER ECONOMIC POLICY THAT PRESUMABLY NEEDS TO BE WORKED OUT BEFORE NEXT PARTY CONGRESS. FACT THAT SOURCE SPECIFICALLY MENTIONED PARTY CONGRESS AND INDICATED THAT POLICY REVIEW CONCERNS OTHER MAJOR PROJECTS LIKE SUBWAY AND DANUBE-BLACK SEA CANAL ALSO POINTS IN THIS DIRECTION. UNCERTAINTIES THAT HAVE RECENTLY ENTERED ECONOMIC PICTURE FOR ROMANIA AS WELL AS FOR WESTERN TRADING PARTNERS WOULD MAKE SUCH A REVIEW LOGICAL EVEN ASIDE FROM POSSIBILITY OF ARGUMENTS OVER CURRENT FIVE YEAR PLAN FULFILLMENT AND OVER FUTURE RATE AND STRUCTURE OF INVESTMENT. IN THIS CONNECTION, IT IS SIGNIFICANT THAT SPECIFIC EXAMPLES CITED BY SOURCES WERE LARGE SCALE PROJECTS WHICH HAVE RELATIVELY LOW RATE OF RETURN IN TERMS OF CLEAR CUT CONTRIBUTION TO RAPID ECONOMIC GROWTH; THUS, QUESTIONS COULD VERY WELL ARISE CONCERNING TOTAL AMOUNT OF INVESTMENT IN ECONOMY, AS WELL AS OVER PRIORITIES IN ALLOCATION OF INVESTMENT RESOURCES. ALL THIS IS NOT TO SAY THAT ULTIMATE RESULT WILL NOT BE CONTINUATION OF CURRENT POLICIES; IT IS TO INDICATE THAT THEY SEEM TO BE UNDER DEBATE IN TOP PARTY COUNCILS.

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